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SUBJECT Tom Peters, In Search of Excellence

DOUG RAMSEY: Right now, Tom Peters on management.

TOM PETERS: When that deadline finally rolls around, somehow or other, you get it done, the presentation, the report, or even the acquisition, as the case may be.

I want to talk about that same phenomenon in business, because I think it's important. The phenomenon that I call "Stuff that has to get done does get done," or, in fact, the period of brittle systems.

Let's take Federal Express, an extraordinary system delivering extraordinary service, now a giant business. Have you ever been to Memphis for that two-hour shuffle from 1:30 in the morning till 3:30 in the morning? It's something to see. They all come in and they all go out, and in two hours the move it from left to right, and off the planes take.

Or the Frito-Lay Company. I discovered a while back that that \$3 billion company operates the \$3 billion business with 18 hours of inventory in the system. Well, if you've only got 18-hours inventory in the system, I'll tell you what it means. It means that it's got to work and you've got to do the job right.

[Unintelligible] recently, of course, many of us have become acquainted with the Japanese just-in-time inventory system, which cuts the buffer stocks down to about zero. And the whole thing is predicated upon the fact that if you haven't got any buffer stocks, you've got to make it work.

Well, that's what I mean by a brittle system.

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But let's look at it in a slightly different context that I think is also important. A brittle strategy, maybe. Take the 3-M Company. There aren't going to be any \$500 million products to bail them out. It's going to be 150 or 200 new products this year, many of them with sales of three or four or five or ten million dollars, at the most. They've got no slack. It's got to work. Each one of those divisions has got to turn out the products.

Even Procter & Gamble does the same thing in another sort of way. One of those people said to me, "We always live in terror. You can't exactly develop a long-term strategic edge when you're peddling soap, toilet paper, and toothpaste." And I think they're right on the mark.

Even IBM. The magic for IBM is not technology. The magic for IBM is incredible service. And incredible service, of course, is based upon an everyday day-to-day memory by every IBM customer.

So, in fact, the IBMs, the Procter & Gambles, and the 3-Ms in brittle in very much the Federal Express or the Frito-Lay sense of the word.

Well, the important point about this, I think, is that it contrasts pretty significantly with companies that have thought they had the luxury of an edge. The Xerox Corporation has certainly had more than its share of trouble over the last six or seven years. I think it's all got to have come from the fact that they had a 90 percent market share with a patent position, which allows you to be a little bit sloppy.

The Bank of America's powerful retail branch system allowed them to be a little bit sloppy until the times changed.

So I think the issue is the real winners live in terror, at some level. They haven't got any magical advantages. They're living in a system where it's got to work. They've got to make it work. And under that kind of constant forever day-in-and-day-out, decade-in-and-decade-out pressure, they just plain get the job done.

RAMSEY: Getting the job done. That commentary by Business Times Contributing Editor Tom Peters, coauthor of the bestselling book In Search of Excellence.